

A Work Project presented as part of the requirements for the Award of a Master Degree in
Management from the NOVA – School of Business and Economics

**How can brands in the social sector migrate from a charity
approach to a business-like orientation: A longitudinal
case study of the evolution of “Reklusa”, a Portuguese
association that supports the reintegration of female
inmates in society**

Maria del Mar Baptista, 2153

A Project carried out on the Master in Management Program under the supervision of:

Catherine da Silveira

6.01.2017

Abstract

Many traditional non-profits organizations have been shifting its business model from a charity perspective to a business-like approach. Social enterprises - hybrid organizations that attain their social mission through the creation of their own sources of revenue - have emerged with the specific aim of becoming less dependent on external financial help and, consequently, achieving better their social ambitions.

The evolution of the brand REKLUSA- a brand used by *Associação Projecto Reklusa* to sell bags and accessories produced by female inmates with the aim of supporting their reintegration in society- reflects this transition from a charity approach to a business-like orientation brand in the social sector.

We developed a longitudinal qualitative case study in order to analyse the transformation of REKLUSA and consequently make branding and marketing recommendations to the new brand and to other organizations who intend to follow the same strategic path.

Findings reveal that REKLUSA- since September 2016 renamed RECLUSA- migrated from a brand that most consumers were only buying “to help” to a fashion brand that sells premium quality bags that consumers buy mainly because they like the products.

Keywords:

REKLUSA, RECLUSA, Social Enterprise, Branding in the Social Sector

Table of Contents

1. Introduction	1
1.1 Context.....	1
1.2 Work Project objectives.....	2
2. Literature review	3
2.1 The migration from charity oriented organizations to social enterprises	3
2.1.1 Non-profit, for-profit and in between organizations.....	3
2.1.2 The transition process	4
2.2 Branding in the social sector	5
2.3 Premium fashion brand management	6
3. Case study research	7
3.1 Why a case study research?	7
3.2 Case study methodology.....	7
3.3 Unit of analysis.....	8
3.4 Main insights from the case study	9
3.4.1 The transition from a charity oriented to a social enterprise business model.....	9
3.4.1.1 Associação Projecto Reklusa	9
3.4.1.2 Business model migration and respective outcomes	9
3.4.2 Brand Identity evolution	14
3.4.3 Brand Elements evolution.....	16
3.4.4 Brand Image evolution.....	17
4. Recommendations	22
4.1 Recommendations to RECLUSA	22
4.2 Recommendations and implications to other organizations	23
5. Limitations	24
6. References	25

1. Introduction

1.1 Context

The social sector has undergone a tremendous change in the past years led by the emergence and growth of the so called “social enterprises”, hybridized non-profit–for-profit organizations with a double bottom-line of financial sustainability and social impact (Emerson & Twersky, 1996). These organizations support their social mission through the creation of their own earned revenue streams- generally trading activities like selling products or services to consumers- that are meant to be self-sustained.

The social enterprise approach is usually explained as a rational and functional solution to funding and philanthropic resource constraints (Dees, Emerson & Economy, 2001). The uncertainty of those financial flows leads to the oversight of social mission and too much focus on money. In fact, financial problems restrict organizations ability to support their social mission and scale their projects. Consequently, those monetary constraints led many non-profits organizations to change their funding strategy by creating their own business models, becoming more market and consumer driven, using entrepreneurial and corporate planning as well as business design tools and concepts. This new approach aims to rely less heavily on donations, member fees and government funding and more on earned revenue.

The conversion from charity oriented organizations to social enterprises represents a better strategic option for organizations to fulfil their social mission (Dees, 2003; Emerson & Twersky, 1996) because by combining commercial revenue and social value creation, organizations are able to foster social impact in a more sustainable and efficient way. In fact, “many who have made the transition say social enterprise has opened up a huge range of possibilities for their organisation, and enabled them to achieve sustainable growth and increased social impact” (Social Enterprise UK, 2012).

1.2 Work Project objectives

Associação Projecto Reklusa is a Portuguese organization that clearly illustrates this need for transition from a charity oriented institution to a social enterprise.

Founded in 2010, *Associação Projecto Reklusa* is a Private Social Solidarity Institution that aims to support the reintegration of female inmates and former prison women in society through training and professional opportunities. Bags and fashion accessories were produced in a Portuguese prison establishment, handmade by these inmates and then commercialized to consumers in several selling points under the brand REKLUSA. At the end of 2015, it became clear that the existing business model was not sustainable. Since its launch, the organization had periodically been forced to appeal to external help such as grants and donations to finance its activities because the selling of those bags didn't generate enough revenue. This financial instability led to the need to shift to a business oriented organization by rebranding REKLUSA in a way that positioned the brand, renamed RECLUSA, as an attractive option for consumers in the fashion market.

In this thesis we use the name "REKLUSA" to indicate the brand before the conversion and the name "RECLUSA" to invoke the renamed brand after the business model transformation.

This work project has two underlying goals. The first is to help the association through branding and marketing recommendations in order to make this transformation more profitable and consequently be able to better fulfil its social mission. Secondly, we withdraw from this work recommendations for other Portuguese organizations who intend to become self-sufficient by migrating from a charity perspective to a business approach with a more sustainable strategy. To achieve these goals this work project adopts a case study methodology.

2. Literature review

In order to approach our work project topic, the following literature is used to ground our arguments:

- a. Literature on the migration from charity oriented organizations to social enterprises;
- b. Literature on branding in the social sector;
- c. Literature on premium fashion brand management.

2.1 The migration from charity oriented organizations to social enterprises

2.1.1 Non-profit, for-profit and in between organizations

One of the deepest trends in the social sector over the past thirty-five years has been its continuous rationalization and marketization (Eikenberry & Kluver, 2004). Charity oriented organizations whose primary activities have traditionally and exclusively been focused on achieving a social mission are increasingly adopting practices that are typically associated with businesses (Frumkin, 2002). As a result, this sector wide change is triggered by the growth of social enterprises, organizations whose purpose is to achieve a social mission through the use of market mechanisms (Mair & Martí, 2006).

A Social Business is not intended to be a non-profit organization or a for-profit organization but it is a non-loss, non-dividend company devoted to solve a social problem where profits are reinvested in the business (Yunus, 2011) rather than being distributed as surplus or dividends. In fact, social enterprises are neither typical charities nor typical business- they are hybrid organizations (Battilana, Ebrahim & Mair, 2014) with a double-bottom line focus, both on social impact and financial sustainability (Alliance for Social Impact Investment, 2014). Social impact can be defined as a long term positive change an action taken by individuals or groups has on the well-being of surrounding communities whereas financial sustainability refers to the ability to maintain resources that give an organization the ability to seize

opportunities and react to unexpected threats while preserving general operations of the organization over time (Bowman, 2011).

Social enterprises have a social mission that is achieved by trading activities, namely selling products or services to consumers in order to sustain themselves. Those commercial activities are the mean towards a social end. Thus, the social impact on the community is not just a consequence or a side-effect of business activity but the core reason of the latter.

2.1.2 The transition process

Adopting a social enterprise approach “will give organizations a more sustainable future and increased social impact” (Murray, 2012, p.1). Peter Holbrook (2012) said “many charities can have a greater social impact if they trade and reinvest their profits”. Therefore, being self-sustained through a business-like approach helps organizations to fulfil their mission in a more sustainable and efficient way.

As seen, social enterprises face the challenge of balancing the need for profitability over the long term as a mean to support their activities with the need to prioritize and achieve their social mission. This might cause mission drift that defeats the original charitable purpose (Selznick, 2011) and create conflicts of interest and diversion of public resources to private gains (Battiliana, Lee, Walker & Dorsey, 2012; Jäger & Schröer, 2014). Thus, sustainable organizations should adopt the following core principles that we selected for this work project based on the literature (Bell, Masaoka & Zimmerman, 2010; Social Enterprise UK, 2012):

- Elaboration of an explicit business plan;
- Alignment of internal expectations, roles and responsibilities;
- Change the staff mindset from a charity oriented to a business-like approach;
- Select a board with a wide range of skills and expertise;
- Tie financial and social goals and measure its impact.

2.2 Branding in the social sector

Although branding considerations are often overlooked in the social sector, similarly as for-profit organizations, social enterprises also depend on marketing and branding efforts to promote and sustain their programs and services (Sontag-Padilla, Staplefoote & Morganti, 2012). The models and terminologies used for branding in the non-profit sector remain those imported from the for-profit industry and it is clear that in both markets, branding isn't just about the logo- it goes far deeper than that (Kylander & Stone, 2012). The importance of an adequate branding strategy is as relevant in the for-profit sector as it is in the social enterprise approach since it's the brand that represents the products and services organizations sell in order to support their social mission. Thus, hybrid organizations' managers should bear in mind core branding concepts when developing their new social enterprise strategy and specifically brand identity, brand image and brand elements:

Brand definition: "A name, term, sign, symbol or design, or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of competitors" (Keller, Apéria & Georgson, 2012, p.2).

Brand identity is what brand managers would like the brand to be, what the brand stands for and what makes it unique (da Silveira, Lages & Simões, 2013). Each brand can have only one brand identity and it is the aspiration of the brand to brand managers. According to Kapferer's Brand Identity Model (2012), the identity of a brand can be delineated through 6 facets: Physical (most salient features of the brand); Relationship (counterparts given by the brand to its users); Consumer Reflection (brand desired consumer type); Personality (what kind of person the brand would be); Culture (core and roots of the brand and set of values feeding brand inspiration); and Self-image (what managers expect consumers to feel when purchasing and using the brand).

Brand image stands for the consumer's perceptions about a brand connected to the associations held in their memories (Keller et al., 2012). Those associations can be formed based on the brand's marketing activities and programmes, from direct experience or through other external sources of information such as media channels and other consumers' opinions. Therefore, while brand identity is defined by brand managers, brand image is on the receiver's side in the sense that it is a concept assessed by consumers.

Brand elements are tools (i.e. logos, slogans, packages) used to identify and differentiate the brand that should be grounded on the ambitioned brand identity and positioning. Thus, brand managers should select brand elements to enhance brand awareness, facilitate the creation of strong, positive and unique brand associations and generate favourable brand judgments and feelings (Keller, 2013).

2.3 Premium fashion brand management

A premium fashion brand must possess two main aspects to be a lasting financial success (Kapferer & Bastien, 2012). Firstly, the brand must have substance (quality of the fabrics, original design...). Secondly, the brand must possess a social function, i.e., it must be perceived as a social statement towards individuals, groups or communities. Within this social aspect, a premium fashion brand serves as a horizontal statement in the sense that consumers use the brand to differentiate their style and to socially associate themselves to one or several communities (i.e. hipster, hippie chic...).

This substance and social duality makes fashion subjective and different both between individuals and among societies.

3. Case study research

We have developed a case study research to investigate the transformation of the brand REKLUSA from a charity orientation to a business-like approach since its launch until December 2016.

3.1 Why a case study research?

Case study is an empirical inquiry that investigates a contemporary phenomenon within its real-life context; when boundaries between phenomenon and context are not clearly evident; in which multiple sources of evidence are used (Yin, 2009). Case studies are then the preferred method to investigate an evolution which is precisely the topic of this work project (i.e., transformation of a brand from a charity oriented to a social enterprise approach). According to Yin (2009), the goal of case study research is to expand and generalize theories (analytic generalizations) instead of inferring probabilities (statistical generalizations). Therefore, insights from case studies are generalizable to theoretical propositions and not to populations or universes.

3.2 Case study methodology

We have developed a longitudinal research investigating the evolution of both the brand identity and brand image of REKLUSA from its launch until December 2016. The data collection period ran from the beginning of 2016 until December 2016. However, we tracked the chronological development of brand image and brand identity by combining real time research and retrospection. In fact, in longitudinal research, time can be captured through real time analysis and through retrospection (Miles & Huberman, 1994). The case-study combines several sources of data (see Table 1), mainly participant observation (as the thesis author worked as head of Marketing and Communication for *Associação Projecto Reklusa* in 2016) and qualitative interviews.

Table 1: Data inventory

Data type	Quantity	Original Data Source	Objective	Period of data collection
Semi-structured interviews to consumers before the rebranding	11 consumers	Informants recorded interviews	Analysis of REKLUSA brand image and brand awareness	June to August 2016
Semi-structured interviews to consumers after the rebranding	13 consumers	Informants recorded interviews	Analysis of RECLUSA brand image and brand awareness	November 2016
Semi-structured interviews to the Association's team members before the rebranding	4 team members	Founder, Social Assistant, Volunteer and Store manager recorded interviews	Analysis of REKLUSA business model, brand identity and brand positioning	June 2016 to August 2016
Semi-structured interview to the responsible for the project in jail	1 informant	Author's hand written or edited notes	Analysis of the business model and social impact	June 2016
Observation and informal conversation with the Association's collaborators in jail	4 female inmates	Author's hand written or edited notes	Analysis of the social impact of the project and its image in jail	June 2016
Data collected while working as head of Marketing and Communication before and after the rebranding	9 team members and several consumers	Meetings, events, customer service, daily observation	Analysis of both REKLUSA and RECLUSA business model, brand identity, brand positioning, brand elements and programs	June to present
Data related to the brand and the programs' overall management (i.e., strategic, communication, social, financial reports)	15 documents	General director and REKLUSA data base	Analysis of both RECLUSA and REKLUSA business model, brand identity, brand positioning, brand elements and programs	June to present

Source: Author, structure adapted from Gioia, Price, Hamilton & Thomas (2010)

3.3 Unit of analysis

The unit of analysis of this case study is the brand REKLUSA used by *Associação Projecto Reklusa* to promote its products and activity.

3.4 Main insights from the case study

3.4.1 The transition from a charity oriented to a social enterprise business model

3.4.1.1 Associação Projecto Reklusa

Associação Projecto Reklusa was founded on June 9, 2010 by *Inês Seabra*. The founder, who was used to weekly visit *Tires* Prison Establishment since 2000, felt the need to create its own project in order to develop women inmates' unexploited talents and help them to prepare for a better reintegration in society. *Inês* believes that the process of reintegration "includes not only psychological support and care, but also training and a professional activity" (Interview of *Inês Seabra*, June 2016).

Thereby, the mission of the association is to rebuild female inmates and former prison women's lives by supporting their reintegration in social and professional contexts. The reintegration process includes basic sewing skills training and the generation of employment opportunities in and out of jail. According to the prison guard- *Violeta Reixa*- responsible for monitoring the project in jail, it is successful because the majority of former prison women use the sewing knowledge they have learnt in prison in their daily life after being released.

The project was approved by the prison establishment direction getting also the support from *Direcção Geral dos Serviços Prisionais*. Thus, with an investment of 6 000€ and a 10 000€ loan, the organization started its operations in *Tires* Prison Establishment.

3.4.1.2 Business model migration and respective outcomes

We developed the following table to easily explain the evolution of *Associação Projecto Reklusa's* business model.

Table 2: Business Model evolution

TIME	BUSINESS MODEL	BRAND & PRODUCTS	SOCIAL OUTCOMES	FINANCIAL OUTCOMES
2010	<p>Associação Projecto Reklusa is founded;</p> <p>The organization starts its operations in Tires Prison Establishment where women inmates produce bags and accessories in the prison sewing workshop.</p> <p>These products are later commercialized out of prison under the REKLUSA brand;</p> <p>Inmates receive training from several experienced professionals to create the bags; A prototype (an original model of a bag) is shown to inmates and they are responsible for sewing;</p> <p>Materials to produce bags are donated by associations, factories, fabric or decoration stores;</p> <p>The management team is exclusively composed by volunteers;</p> <p>Violeta, along with the prison social reintegration team, does the selection of women that participate in the workshop;</p> <p>Inmates are paid for each individual item produced. Of this money part can be used inside jail, other is deposited in an account that they only have access when they leave;</p>	<p>REKLUSA is a brand of bags and fashion accessories manufactured in a Portuguese prison. It gives the opportunity to consumers to buy bags and accessories in order to help inmates to have a second chance to rebuild their lives;</p> <p>Besides bags, prisoners manufacture lunch boxes, glass holders, iPad cases, necessaires, necklaces, key rings. The price range of these products varies between 11€ and 90€;</p> <p>Products, all handmade by female inmates, are manufactured with donated reusable materials such as wastes of fabrics, car and furniture upholstery, synthetic fabrics and wallpapers. For this reason, all bags are unique because despite the existence of equal models, all of them are made with different textiles and patterns;</p> <p>The products are bags to use in informal occasions;</p> <p>The target audience of REKLUSA is “all people of undifferentiated age, from 20 to 80”;</p>	<p>Benefits for women that started working at the prison sewing workshop:</p> <p>-Occupation of women inmates’ time;</p> <p>-Exploration of their talents;</p> <p>- Acquisition of new skills that can be useful in their future;</p> <p>-Giving them the opportunity to have a professional activity;</p> <p>-Allow them to have savings when they leave;</p> <p>-Personal development and valuation;</p> <p>-Woman empowerment;</p> <p>-Increase of women autonomy;</p>	

	<p>There isn't a permanent designer to create the bags- partnerships with design schools such as IADE, Escola António Arroio, FAL and Lusófona were established to conceive models that could be easily manufactured in prison;</p> <p>Communication is mainly done by word-of-mouth through the broad founders' network.</p>	<p>Bags and accessories are sold between founders' circles of friends at their homes.</p>	<p>-Creation of routines and responsibilities;</p> <p>-Positive behaviour changes.</p>	<p>Profit after taxes in the first year of activity of 16 369€.</p>
2011		<p>REKLUSA uses a fourth floor in LX Factory as a store.</p>	<p>The project is so well received that there is a waiting list to enter the sewing workshop.</p>	<p>Profit of 20 680€ at the end of 2011.</p>
2012	<p>Associação Projecto Reklusa becomes a Private Social Solidarity Institution;</p> <p>Activities are mainly sustained by external sources of revenue;</p> <p>Great support from Portuguese companies, media and associations- Creation of more than 80 partnerships;</p> <p>Many collaborations- goods and services offerings; monetary contributions; raw materials; concessions of physical spaces intended for products' commercialization and volunteers help.</p>	<p>Communication of the brand focused on the association and its social mission;</p> <p>Creation of a Facebook page but with very low traffic and activity;</p> <p>Creation of a website but with an inefficient online store;</p> <p>Occupation of pop up stores and occasional empty spaces for free at Amoreiras Shopping Center;</p>	<p>First international case of a Venezuelan former inmate that after leaving the prison establishment went back to her country and bought a sewing machine with the money she had saved in Portugal to start her own business.</p>	<p>Loss of 28 510€ at the end of the year.</p>
2013	<p>Lisbon City Hall offers the association a space in Lisbon headed for the commercialization of its products.</p>	<p>New permanent point of sale and headquarters of the organization;</p> <p>Random and temporary points of sales (shopping centers, foundations, museums, restaurants, hotels, stores) through the support of many partners.</p>	<p>Lack of social impact measurement;</p> <p>No track of inmates that went through the workshop after they leave jail.</p>	<p>The association relied on 23 643€ of operating subsidies to sustain its operations;</p> <p>At the end of 2013 the profit was 19 122€.</p>

2014			First former woman inmate hired by the association.	17 593€ in operating subsidies allows the organization to have at the end of the year a profit of 2 480€.
2015	<p>Construction of the first workshop outside prison financed by Fundação EDP through its Social Innovation Award;</p> <p>Integration of a Social Assistant in the team;</p> <p>The organization starts to support those women also after they leave jail by employing them at their facilities;</p> <p>New partnerships with public institutions to have financial ability to employ more former women inmates out of prison.</p>	New point of production outside prison right next to the store.	Associação Projecto Reklusa estimates that approximately 60 inmates have worked for the organization at the prison sewing workshop.	<p>Additional source of revenue: weekly workshops of seam, crochet, weaving and painting for external people;</p> <p>In 2015 the amount of subsidies increases to 32 418€ and the final profit decreases to 1 469€.</p>
2016	<p>Protocol signed between LET'S HELP- an association that rebuilds social businesses- and Associação Projecto Reklusa with the objective of restructuring REKLUSA business model and turn it into a social business.</p> <p>LET'S HELP is responsible for taking any operational and strategic measure in the first year and makes an investment of 9 000€;</p> <p>Need to raise 15 000€ to guarantee the take-off of the new business;</p> <p>Beginning of the restructuring process:</p> <ul style="list-style-type: none"> -Development of a new Business Plan -PRODUCT: high quality bags and accessories conceived by a professional and experienced designer; 	<p>Outflow of the old bags and accessories;</p> <p>Reactivation of the Facebook page- daily posts, consumer service and online store;</p> <p>Rebranding of REKLUSA to RECLUSA:</p> <p>New and more commercial logo that reflects the identity of this project;</p> <p>RECLUSA is a 100% Portuguese fashion brand with an unusual story. Products are exclusively handmade; all manufactured with high quality materials such as 100% natural leather and unique fabrics produced in Portugal.</p>	Support of 5 former prisoners after they leave jail- they were monitored and some hired by the association. All of them are still working out of the illegal sphere. One of them is working for the association since 2014 and is now the Store Manager.	<p>Identification of the factors that triggered poor financial outcomes and that consequently didn't allow the organization to be self-sufficient:</p> <ul style="list-style-type: none"> -Costs were increasing year by year; -Seasonal sales: bags were mostly sold on Christmas and Mothers' Day as gifts; -Disorganization of the team and informal way of managing operations;

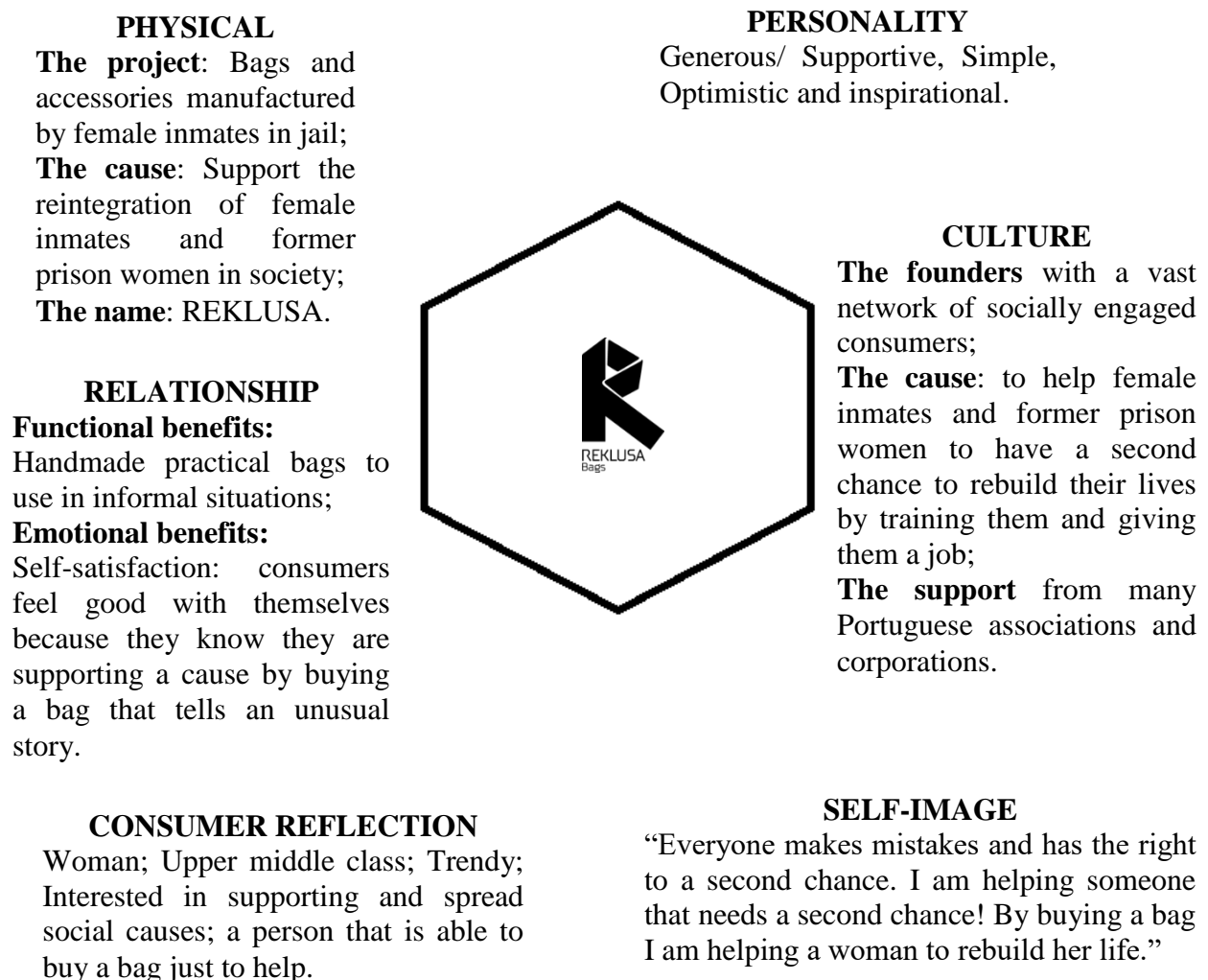
	<p>-PEOPLE: Reorganization of the team; hiring of a designer; creation of a strategic council; formation of a governing body with a well-defined hierarchy structure;</p> <p>- PROCESSES: creation of individual e-mails; creation of departments; establishment of weekly general meetings; definition of individual responsibilities and tasks; constant reminders about the need to shift to a commercial and more professional mindset;</p> <p>Focus of the social services' provision outside prison. After 5 years of experience in working with inmates, the organization noticed that the most difficult challenge is in fact when inmates leave prison. Although there are many projects inside jail, there are very few organizations working with former women inmates. Therefore, Associação Projecto Reclusa focuses now on the reintegration after inmates leave prison by creating employment opportunities. The organization is then the first Portuguese social enterprise that gives priority to the hiring of staff with a criminal background;</p> <p>All the surplus coming from the commercialization of RECLUSA bags and accessories is invested in the growth of the business structure and in its social impact (i.e., creation of more jobs for former inmates).</p>	<p>Due to the utilization of those elements, all pieces are different since they are not exactly equal in terms of texture and tone;</p> <p>Products are bags to use in special occasions or in the daily routine;</p> <p>The innovative design, the quality of the raw materials, the accuracy in the production process and its strong story is what makes RECLUSA a unique brand;</p> <p>Price range varies between 14.5€ and 185€;</p> <p>Target: Strong, independent and experienced women with a medium-high purchasing power who like to create their own style, unusual and different, and that value authentic, irreverent and top quality bags;</p> <p>Communication that positions the brand in the fashion market;</p> <p>Totally remodelled store: simple and sophisticated;</p> <p>2 producers: Tires prison establishment and Portuguese outsourced factory;</p> <p>Points of sale: Headquarters at Rua das Amoreiras and República das Flores in Chiado. Online store in construction.</p>		<p>-Lack of permanent elements in crucial areas and lack of important technical skills to guarantee the functionality of those business units;</p> <p>-Constant rotation of volunteers which hindered the uniformity of operations;</p> <p>-Inflexible margins;</p> <p>-Limited production;</p> <p>-Unappropriated communication that reflected a wrong position of the brand in the market;</p> <p>In the first three trimesters of 2016 (before the business model shift) the organization had a loss of 4 365€.</p> <p>Revenues from the new product range accounted for more than 10000€ in October, November and December.</p>
--	--	--	--	---

Source: Author

3.4.2 Brand Identity evolution

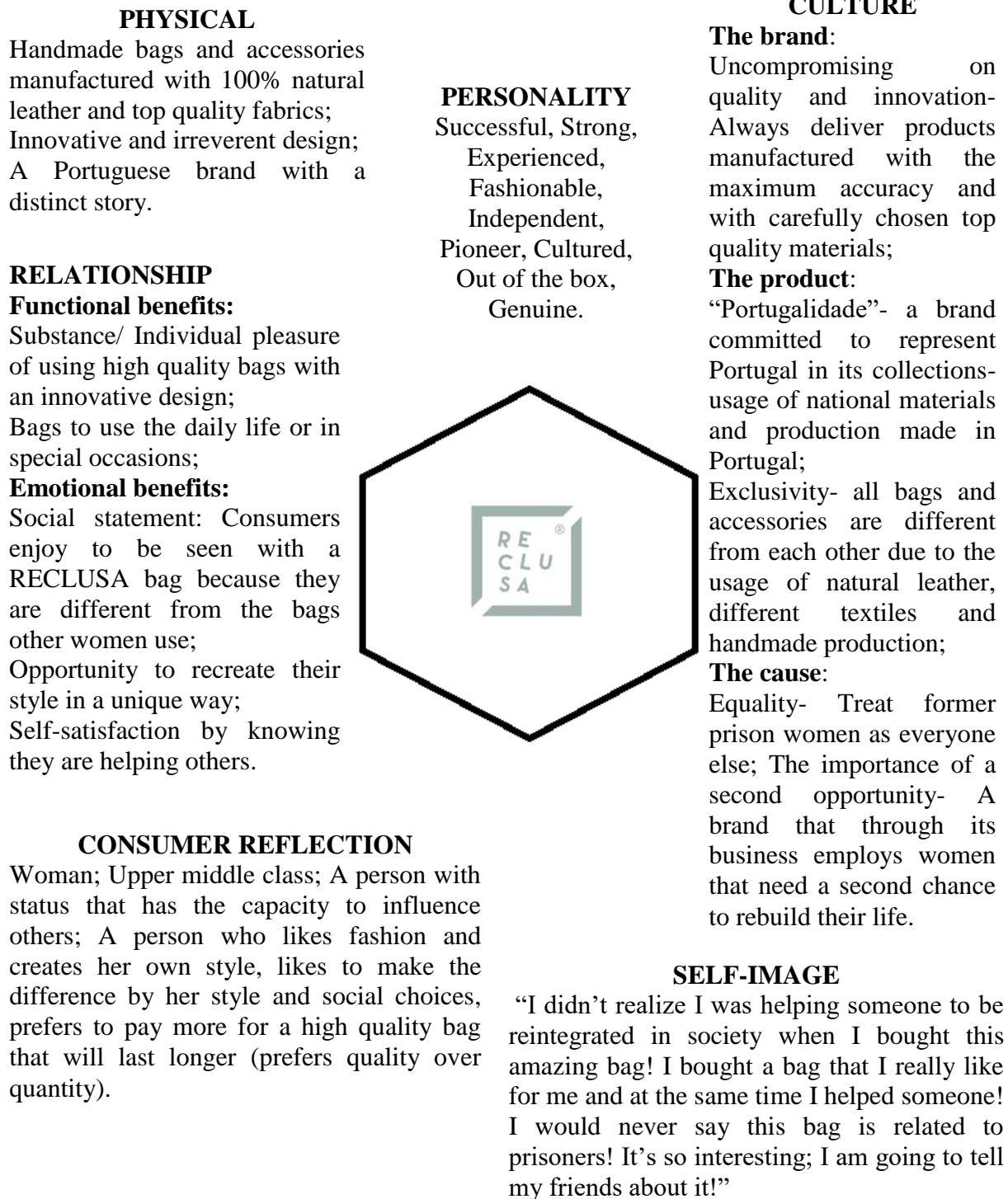
Both REKLUSA and RECLUSA brand identities are exposed in the following figures. They show that REKLUSA was a brand that stood for the social “cause” of the project and therefore it was mixed up with the association. In turn, RECLUSA is a commercial brand with its own identity that clearly expects to compete in the fashion market.

Figure 1: REKLUSA Brand identity (before the business model transformation)



Source: Author, based on Kapferer Brand Identity Model (2012) and grounded on internal interviews with the founder and other team members.

Figure 2: RECLUSA Brand Identity (after the business model transformation)





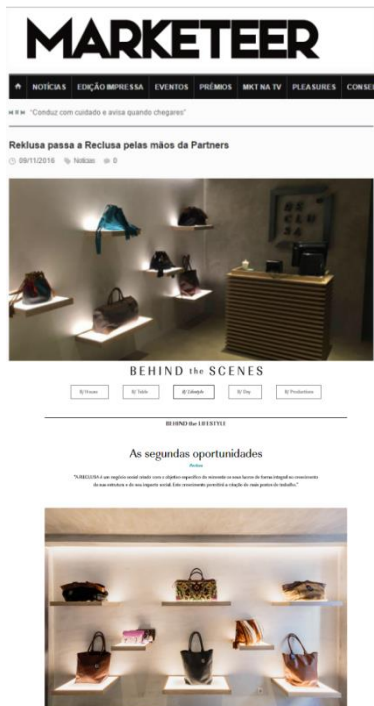
Source: Author, based on Kapferer Brand Identity Model (2012) and grounded on daily work with team members from September to present.

3.4.3 Brand Elements evolution

The consecutive table demonstrates the differences between REKLUSA and RECLUSA brand elements (see additional pictures in Appendix 6).

Table 3: Brand elements Evolution

Time	2010	September 2016	November 2016
Brand	REKLUSA		RECLUSA
Products	 <p>Drastic change from products manufactured with donated materials such as textiles, to bags and accessories made with 100% natural leather. Transformation from a random combination of patterns and colours to products where the conjugation of patterns, leather, textiles and colours are carefully chosen. Transition from products designed by a different person every year to a collection thought by the new designer of the brand.</p>		
Logo	 <p>The logo of REKLUSA changed twice before 2016. Within the restructuring process, the image of the brand shifted from a logo that was almost immediately associated to a social or charity cause (the dove representing hope and the R of REKLUSA similar to a loop) to a commercial, more professional logo.</p> <p>The rebranding was conceived by the communication agency Partners. It started by changing the name- from REKLUSA to RECLUSA- a more traditional, authentic and national name. In the new logo inmates and their work is honoured: the starting point of the logo is a square that represents the cell. But as the project and this population, the cell is crossed by a new path that reflects a new opportunity. Inside the cell are the letters that represent the key characters of the story of the brand- female inmates and former prison women.</p>		
Store			 <p>A totally remodelled flagship store that reflects the new identity and positioning of the brand. The decoration and the way products are displayed are simple and sophisticated. The new store intends to have a pleasant atmosphere to provide an excellent consumer experience.</p>

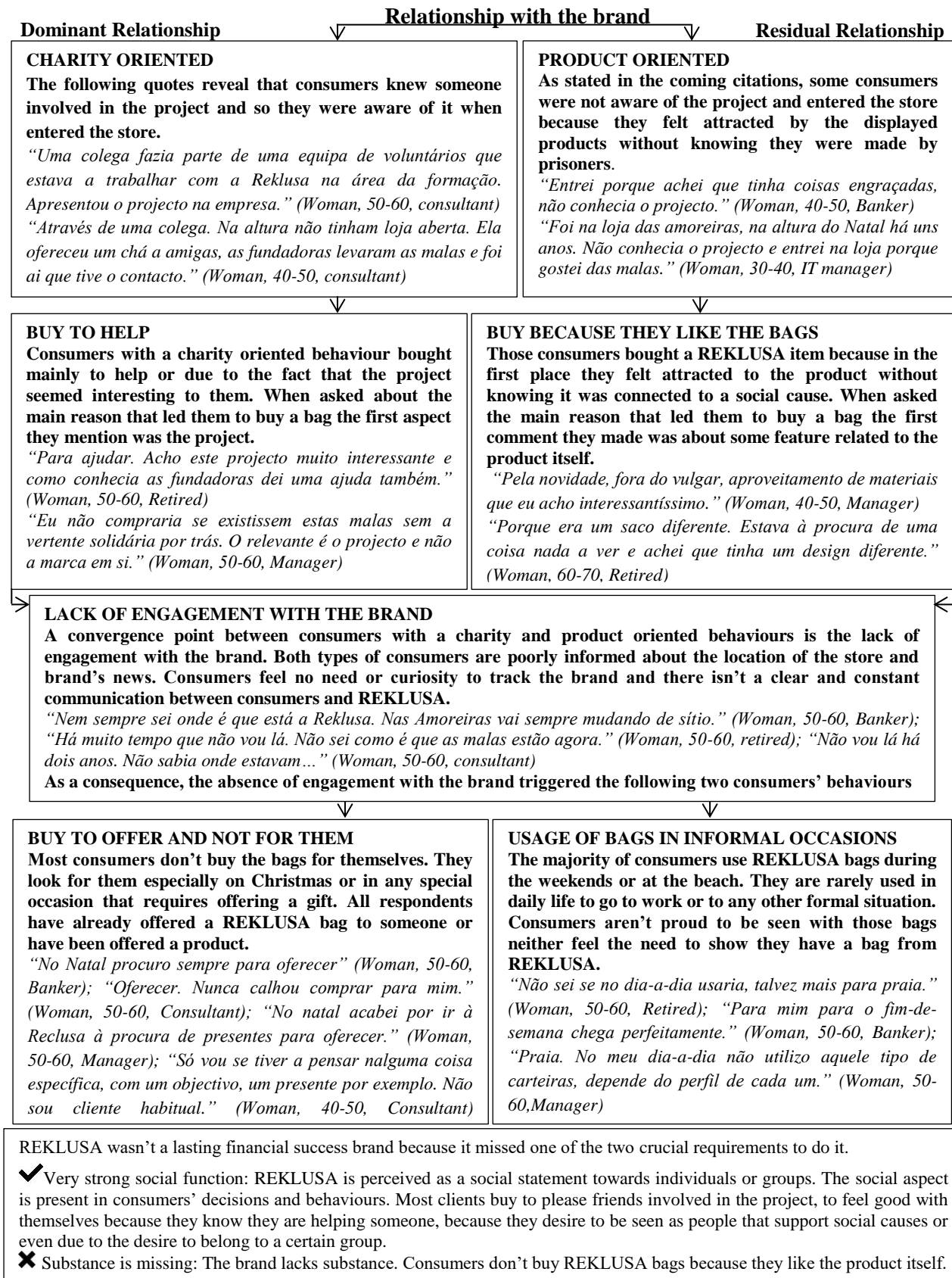
Time	2010	September 2016	November 2016
Brand	REKLUSA		RECLUSA
Website			
	REKLUSA website was totally directed to the social cause and the association. The objective was that the consumer bought because she felt the need to help and not for the product itself. In RECLUSA, the website (currently under construction) totally focuses on bags and accessories.		
Communication			
	REKLUSA was most often communicated as solidarity project that sold fashion products. In this case, bags and accessories had a secondary role. RECLUSA is conveyed as a fashion brand with a different story where the brand and its products are primarily communicated to consumers and the social cause is what comes attached to it.		

Source: Author

3.4.4 Brand Image evolution

The brand image evolution was mainly assessed by qualitative interviews. The major insights about the brand image of REKLUSA (Figure 3) and RECLUSA (Figure 4) as well as the brand image evolution of both brands (Table 4) are illustrated below.

Figure 3: REKLUSA Brand Image¹



Source: Author, based on interviews conducted before the business model transformation.

¹ All the illustrative quotes in this Work Project are in Portuguese since in qualitative research it is recommended to keep the quotes in the language of the interviews (Weiss, 1994).

Figure 4: RECLUSA Brand Image



RECLUSA is transforming into a lasting financial success brand because it now possess not only a strong social function but also an individual function that didn't exist in the former brand:

✓ **Strong social function:** The brand continues to have a social function but it is weaker than it was in REKLUSA because the brand is not anymore communicated as a solidarity institution that sells bags but as a fashion brand with a distinct story. Therefore, RECLUSA is still perceived as a social statement towards individuals or groups but the social aspect is less present in consumers' decisions and behaviours.

✓ **Substance is present:** Products have now an individual function. Consumers are willing to buy RECLUSA bags for them and want to be seen with them in their daily routines. They don't buy the bags anymore just to help and to offer them to someone else. Consumers buy in the first place because they like the product itself and they want to use it.

Source: Author, based on interviews conducted after the business model transformation.

Table 4: Brand Image Evolution

TOPICS	REKLUSA	RECLUSA
Quality/ Price relation	<p>In general, consumers said the quality/price relation was quite good. Only a minority said they were expensive. REKLUSA bags were perceived as having a very good quality. However, it was not sufficient to make them buy a bag for them.</p> <p><i>“Bastante bom. São coisas feitas à mão, a qualidade é boa, não se estraga. Os preços são aceitáveis pelo que tenho visto por aí. Parece-me bem feito, de boa qualidade.” (Woman, 40-50, Banker)</i></p> <p><i>“Preço perfeitamente acessível. Têm qualidade, são muito bem feitas e acho que estão a melhorar cada vez mais. Não ficam atrás de malas de marcas que são super conhecidas.” (Woman, 40-50, Manager)</i></p>	<p>All consumers say the quality/price relation is totally fair for the product itself, its “finishes” and the kind of materials used. Most respondents associate these types of bags to lasting premium items.</p> <p><i>“Está fiel, está justa. Estas malas são tão bonitas que são eternas, são como uma Longchamp, uma pessoa tem e usa toda a vida.” (Woman, 50-60, physiotherapist);</i></p> <p><i>“A relação qualidade preço está bastante acessível tendo em conta os materiais e a qualidade de que estamos a falar: tudo em pele, feito à mão.” (Woman, 40-50, teacher);</i></p>
Design	<p>In general, consumers said they liked the design because it was unusual and different from other bags. But once again it was not sufficient to make them buy a bag for them.</p> <p><i>“É giro haver praticamente uma ou duas no máximo de cada mala. Mais ninguém vai ter igual.” (Woman, 50-60, Banker)</i></p> <p><i>“Moderno, Original. Gostei dos tecidos, é diferente daquilo que se vê nas lojas.” (Woman, 40-50, Banker)</i></p>	<p>All consumers consider the design more modern, usable, sophisticated and distinct from others brands.</p> <p><i>“O design actual é mais sofisticado. Achei que havia ali um cuidado diferente nos tecidos e cores escolhidas, na junção dos padrões. As outras pareciam-me mais campestres, rurais.” (Woman, 50-60, banker)</i></p> <p><i>“O design está bastante mais actual. O outro design para mim não dava para usar no dia-a-dia. Estas já são melhores para usar no dia-a-dia. As outras notavam-se perfeitamente que eram reaproveitamento de restos. Estas são mais uniformes, mais usáveis.” (Woman, 40-50, Teacher)</i></p>

<p>If the brand was a person, what kind of person would it be?</p>	<p>In average, consumers with product oriented behaviour reflected themselves with the type of woman REKLUSA would be whereas consumers with charity oriented behaviour didn't identify themselves with the brand.</p> <p><i>“Por volta dos 25. Em termos de aparência talvez um hippie chique. Muito descontraída. Foge à moda e às tendências.” (Woman, 50-60, Retired, Charity oriented behaviour)</i></p> <p><i>“Uma pessoa nova, com 20 e muitos. Podia ser uma pessoa que estivesse a estudar. Aparência simples, não exageradamente sofisticada.” (Woman, 40-50, Banker, Charity oriented behaviour)</i></p> <p><i>“Uma pessoa na casa dos 30, 40. Conservadora, discreta.” (Woman, 30-40, IT manager, Product oriented behaviour)</i></p> <p><i>“Uma mulher de 40 anos. Moderna, solidária, generosa. Com um estilo mais descontraído. Moderna, mas chique.” (Woman, 40-50, Manager, Product oriented behaviour)</i></p>	<p>Overall, consumers identify and associate themselves with the woman RECLUSA would be.</p> <ul style="list-style-type: none"> • Woman between 30 to 50 years old with a medium-high purchasing power; • Active woman with a professional activity related to higher positions; • Self-made woman that has accomplished what she has by her own merit; • Not traditional, with a different vision and with her own and personal style; • Worried about what she wears, modern, classic, elegant and sophisticated. <p><i>“Mulher, entre os 40 e os 50. Num quadro superior em que tem que ter autonomia e estabilidade financeira. Uma pessoa elegante. Tudo menos o tradicional. Com um tipo de visão diferente, um estilo próprio.” (Woman, 40-50, Consultant)</i></p> <p><i>“Uma senhora, uma mulher de 50 anos, empresária. Bem arranjada, cuidada com um bom poder de compra. (Woman, 50-60, Manager)</i></p>
<p>RECLUSA/ REKLUSA vs other brands</p>	<p>When comparing REKLUSA with other bag brands used by the respondents, the former was perceived as a woman who moved further away from the type of person they associated themselves.</p> <p><i>“A Carolina Herrera e Adolfo Dominguez seriam mulheres mais velhas, mais requintadas, com altos cargos, chiques. Basicamente estas duas estão mais ou menos ao mesmo nível, um nível acima comparado com a REKLUSA.” (Woman, 50-60, retired)</i></p> <p><i>“A Longchamp seria mais clássica, com uma aparência mais conservadora, mais velha, com um cargo mais alto.” (Woman, 40-50, Banker)</i></p>	<p>When comparing the brand with other bag brands, RECLUSA would be a less classic and discreet woman. However, RECLUSA is a person much more related to these brands than REKLUSA was.</p> <p><i>“Cromia seria muito mais clássica, discreta. Seria uma pessoa com mais poder de compra, mais conservadora.” (Woman, 50-60, Manager)</i></p> <p><i>“Longchamp seria uma mulher mais velha que a RECLUSA ou nas mesmas idades. Estilo mais discreto, mais clássico, com bom poder de compra e com bom gosto. Tem algo mais de exibicionismo.” (Woman, 50-60, architect)</i></p> <p><i>“Gerard Darel seria muito o género da RECLUSA.” (Woman, 40-50, Manager)</i></p>

Source: Author, based on consumers' interviews held from June to November 2016.

Main insights from the brand image evolution analysis

Although the shift from a charity oriented brand to a social enterprise approach might cause the loss of consumers who had bought REKLUSA bags just for the cause and the minority of consumers who really liked the former bags, RECLUSA has now the capacity to get to a new potential segment that wasn't able to reach before- consumers with a higher purchasing power who value premium quality bags. Also, this conversion brought substance to the brand, a key aspect that was missing in REKLUSA and that is crucial for the success of any brand. Thus, this change from a charity oriented to a business-like brand is expected to be sustainable.

4. Recommendations

4.1 Recommendations to RECLUSA

There are five main recommendations we would like to suggest RECLUSA in order to make the conversion more profitable and sustainable.

BRAND RANGE: we suggest that half of the pieces of the new collection should be produced in basic and neutral colours such as black, white, brown or grey to be easily purchased while 50% of the pieces would be more colourful, irreverent and flashy with the aim to catch consumers' attention and attract them to the store.

CONSUMER DATABASE AND CRM: is important that RECLUSA sends consistent and constant signals to consumers in order to engage them and make them think about RECLUSA when considering buying a bag. Consumers need to feel the curiosity and the need to track the brand, collection launches or new store openings. In order to do so, RECLUSA needs to create a good CRM system that is able to collect data about consumers and segment them so that the brand is able to individualize the information send to each group of consumers and maintain a constant interaction with them through RECLUSA social media.

CONSUMER ENGAGEMENT: it would be important to engage consumers in the brand and product management. Since the type of product radically changed and is targeting a

totally new segment, the brand may need to understand what the preferences of those new consumers are. Know what consumers want and integrate their opinions in decision makings is very important to guarantee the success of the brand.

COMMERCIAL INITIATIVES: finding more points of sales is important so that the brand can achieve better results. A good location is a key factor to guarantee the success of any brand. The store at *Rua das Amoreiras* is located in a hidden, low traffic area where it is difficult to park the car. It is clear that with solely one point of sale, the sustainability of RECLUSA will be difficult to achieve. In this first phase, the brand should focus on finding new points of sale in Lisbon to be able to optimize its operations so that later can easily and efficiently scale up to other locations in Portugal. Besides physical stores, an online store is a relevant point of sale that should be activated as soon as possible since it will largely contribute to the growth of RECLUSA.

INTRODUCE SOCIAL IMPACT MEASUREMENT: start measuring the social impact *Associação Projecto Reklusa* is generating in society. As any other company, its work needs to be tracked and measured not only to evaluate the overall performance of the organization over time but also to be able to present results to potential investors, partners, organizations who might want to follow the same path and consumers. The fact is that the public audience has been demanding more and more for visible and tangible results and so RECLUSA's marketing and communication programs should reflect those to better get their attention.

4.2 Recommendations and implications to other organizations

Based on this real life experience, we believe that organizations should search for the perfect balance between social ambitions (i.e., reintegrate female inmates and former prison women in society) and the use of branding and marketing tools in order to achieve their social mission. This case showed us how difficult it is to balance these two sides and how hard it is to find people with such a hybrid mentality to lead the project. Seeking for this equilibrium

can be facilitated by finding a diverse and multidisciplinary team- not only composed by very skilled people in addressing social issues neither exclusively comprised by managers that mainly care about financial results- that is able to manage and combine the social and business dimensions in decision making.

Also, brand managers must bear in mind that brand identity is easier to change than brand image since the last is not controlled by managers but perceived by consumers. Therefore, strategic decisions about brand elements should be grounded on the ambitioned brand identity and the effects of those actions should be constantly monitored in order to infer consumers' perceptions about the brand image. A wrong decision can undermine the brand image which is then very difficult to change in consumers' minds. Lastly, this study showed us that the migration from a charity oriented to a social enterprise business model is always a trade-off since organizations have to lose a little in the short term- in this case the loss of a particular group of consumers- so that they can be more profitable and sustainable in the long term.

5. Limitations

During the development of this work project we felt three main limitations. Firstly, the period for testing and analysing the new brand- RECLUSA- in the market was very short (from September to December 2016). This time frame may not have been enough for consumers to have a clear and a formed opinion about RECLUSA which may have influenced their responses to the interviews regarding the new brand. Secondly, it was difficult to find consumers to interview because in the first stage REKLUSA didn't had a data base and after the business model transformation there were few consumers that had already bought some product from the new brand due to the short period of RECLUSA in the market. Lastly, since I was personally involved in the restructuring process working as head of Marketing and Communication for the Association, many times when writing this work project I felt difficulties to be impartial and create distance from my role.

6. References

- Alliance for Social Impact Investment: TESE, Finance for Social Impact, Sair da Casca, Vieira de Almeida and le Comptoir de l'innovation. (2014). Social Investment Strategic Options for Portugal- a focus on social enterprises- Benchmarck Portugal vs UK and France.
- Battilana J., Ebrahim A., and Mair J. (2014). The Governance of Social Enterprises: Mission drift and accountability challenges in hybrid organizations. *Harvard Business School: Research in Organizational Behavior*, Vol. 34, 81-100.
- Battiliana J., Lee M., Walker J., and Dorsey C. (2012). In Search of the Hybrid Ideal. *Stanford Social Innovation Review*.
- Bell, J., Masaoka, J., and Zimmerman, S. (2010). *Nonprofit Sustainability: Making Strategic Decisions for Financial Viability* 1st Ed. California: Jossey-Bass.
- Bowman, W. (2001). "Financial Capacity and Sustainability of Ordinary Nonprofits" *Nonprofit Management and Leadership*, Vol. 22 (1), 37–51.
- Da Silveira, C., Lages, C., and Simões, C. (2013). Reconceptualizing brand identity in a dynamic environment. *Journal of Business Research* 66, 28-36.
- Dees, J. G. (2003). Social Entrepreneurship Is About Innovation and Impact, Not Income. The Skoll Foundation's Social Edge Online. (Article_Dees_SEisAboutInnovationandImpactNotIncome_2003).
- Dees, J. G., Emerson, J., and Economy, P. (2001). *Enterprising Nonprofits: A Toolkit for Social Entrepreneurs*. New York: Wiley.
- Eikenberry, A. M., and Kluver, D. J. (2004). The Marketization of the Non-profit Sector: Civil Society at risk? *Public Administration Review*, Vol. 64, No 2, 132-255.
- Emerson, J., and Twersky, F. (1996). *New Social Entrepreneurs: The Success, Challenge, and Lessons of Non-profit Enterprise Creation*. San Francisco: Roberts Foundation.
- Frumkin, P. (2002). *On Being Nonprofit: A Conceptual and Policy Primer*. Harvard University Press.
- Gioia D.A., Price K.N., Hamilton A.L., and Thomas J.B. (2010). Forging an Identity: An Insider- Outsider Study of Processes Involved in the Formation of Organizational Identity. *Administrative Science Quarterly*, vol. 55(1), 1-46.
- Holbrook, P. (2012). *Why Social Enterprise?- A guide for charities*. London: Social Enterprise UK.
- Jäger, U., and Schröer, A. (2014). Integrated Organizational Identity: A Definition of Hybrid Organizations and a Research Agenda. *VOLUNTAS*, Vol. 25(5), 1281–1306.

Kapferer, J-N. (2012). *The New Strategic Brand Management: Creating and Sustaining Brand Equity Long Term*. London: Kogan Page.

Kapferer, J-N., and Bastien, V. (2012). *The Luxury Strategy- Break the Rules of Marketing to Build Luxury Brands*. London: Kogan Page.

Keller, K-L. (2013). *Strategic Brand Management: Building, Measuring, and Managing Brand Equity* 4th Ed. London: Pearson

Keller, K-L., Apéria, T., and Georgson, M. (2012). *Strategic Brand Management: A European Perspective* 2nd Ed. Upper Saddle River, NJ: Prentice Hall.

Kylander, N., and Stone, C. (2012). *The Role of Brand in the Nonprofit Sector*. Stanford Social Innovation Review.

Mair, J., and Martí, I. (2006). Social Entrepreneurship Research: A source of explanation, prediction, and delight. *Journal of World Business*, vol. 41 (1), 36-44.

Miles, M., and Huberman, M. (1994). *Qualitative Data Analysis- An Expanded Sourcebook*- 2nd Edition. Thousand Oaks, CA: Sage.

Murray, G. (2012). Should your charity become a social enterprise? *The Guardian*.

Selznick, P. (2011). *TVA and the grass roots: A Study of Politics and Organization*. New Orleans: Quid Pro Books.

Social Enterprise UK. (2012). *Why Social Enterprise?- A guide for charities*. London: Social Enterprise UK.

Sontag-Padilla, M. L., Staplefoote, L., and Morganti, G. K. (2012). *Financial Sustainability for Nonprofit Organizations*. California: RAND Corporation.

Weiss, S. R. (1994). *Learning from Strangers: The Art and Method of Qualitative Interview Studies*. New York, NY: The Free Press.

Yin, K. R. (2009). *Case Study Research: Design and Methods* 4th Ed. California: Sage Publications.

Yunus, M. (2011). *Building Social Business: The New Kind of Capitalism That Serves Humanity's Most Pressing Needs*. New York: Public Affairs.